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CANADIAN ICE MACHINE COMPANY LIMITED

52ND ANNUAL REPORT 1964

CANADIAN ICE MACHINE COMPANY LIMITED

<i>Board of Directors</i>	J. DAVIS	Buffalo
	A. G. S. GRIFFIN	Toronto
	W. L. PHARO	Toronto
	J. RAYMOND, Q.C.	Montreal
	H. V. SHIPLEY	Toronto
	C. F. MACKENZIE	Toronto
	W. L. B. WATTS	Toronto
<i>Officers</i>	H. V. SHIPLEY	Chairman of the Board
	W. L. PHARO	President
	W. L. B. WATTS	Vice-President and Treasurer
	F. BLACK	Secretary
<i>Solicitors</i>	ROBERTSON, LANE, PERRETT, FRANKISH & ESTEY	Toronto
<i>Bankers</i>	THE TORONTO-DOMINION BANK	Toronto
<i>Transfer Agents</i>	CANADA PERMANENT TRUST COMPANY	Toronto
<i>Registrars</i>	THE CANADA TRUST COMPANY	Toronto
<i>Auditors</i>	THORNE, MULHOLLAND, HOWSON & MCPHERSON	Toronto
<i>Head Office</i>	65 VILLIERS STREET	Toronto

ANNUAL REPORT OF DIRECTORS

for the year ending December 31, 1964

To The Shareholders

Canadian Ice Machine Company Limited was founded in 1912 for the primary purpose of installing ice manufacturing plants.

This activity was the beginning of your company's Refrigeration Division.

Refrigeration Division

As other applications of mechanical cooling came into use, the dairies, breweries, meat packers, vegetable processors and many others looked regularly to Canadian Ice Machine Company for their refrigeration needs. In recent years the use of mechanical cooling for curling, hockey and skating rinks has become commonplace.

Other uses are not as well-known. Your company, for instance, provided the equipment to produce 250 tons of ice per day to cool the 2,800,000 cubic yards of concrete required for the construction of Quebec Hydro's Manicougan 5 dam, 125 miles north of Baie Comeau. Similarly, we provided 1,600 horsepower of low-temperature refrigeration equipment to enable Associated Mining Construction Ltd. to freeze ground some 1,200 feet below the surface. The purpose is to hold back water-bearing strata and quicksand (Blairmore) until mine shafts can be sunk to reach the rich potash beds over 3,000 feet below the surface. This project, for United States Borax and Chemical Corporation, is near Elstow, Saskatchewan.

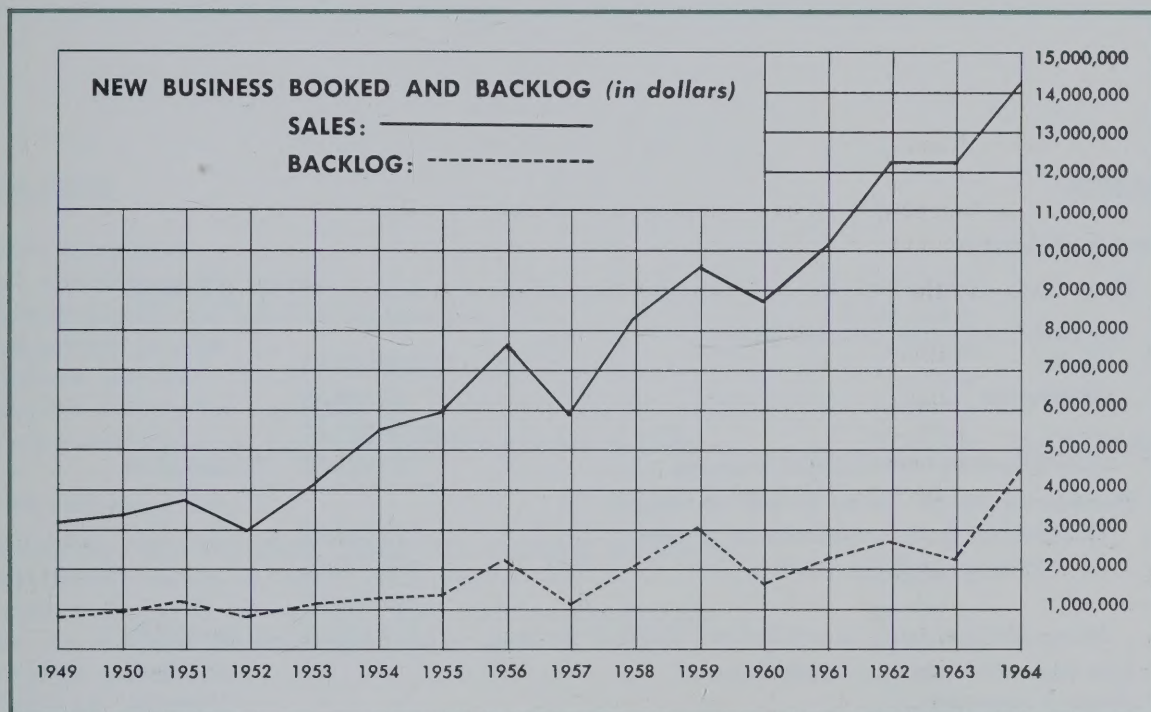
Mechanical Contracting Division

The use of refrigeration spread logically into the field of providing human comfort. Ventilation was added to heating, and mechanical cooling and humidity control were added to these. Modern air conditioning was born. Your company expanded rapidly into this field. As the control of indoor conditions spread to hotels, office buildings, apartments, and other such structures, the boiler plant, plumbing and other mechanical work was added, and out of all of this evolved plumbing, heating and air conditioning contracting or, as it has become known in the trade, mechanical contracting.

Your company's Mechanical Contracting Division, as a part of the fast growing Canadian construction industry, works closely with architects, consulting engineers and general contractors. The list on the last page of this report is typical of the office buildings, manufacturing plants, apartment buildings, laboratories, hotels, churches, schools and other of our projects and representative of the architects, consulting engineers and general contractors with whom we work.

National-Shipley Limited

As your company developed during its fifty-two years it became necessary to separate the contracting function from its manufacturing and wholesale distribution of products. Thus, Canadian Ice Machine Company Limited remains the contractor as it originally started, and its wholly-owned subsidiary, National-Shipley Limited, has become the manufacturer and distributor of products across Canada.



Each company is operated independently as to profit and loss, and each has its own operating managers to provide the desired results. There is no overlapping of management except the obvious tying together of the subsidiary and parent company at the presidential and board of directors' level.

Consolidated Results

As indicated on the above chart new business booked in 1964 was a record high of \$14,200,504.00, and the backlog of business carried into 1965 was also an all time high of \$4,535,846.00. The 1964 net profit, after taxes, \$209,118.85, amounted to \$8.36 per share of Class 'A' stock and \$3.44 per share of Common stock.

The volume and class of business booked so far in 1965 is most encouraging. With our increased backlog, we have confidence that 1965 will be a good year.

On behalf of the Board,

Walter L. Anaro

Refrigeration Certified Maintenance Company Limited

The results of this company are not included in the reports presented herein as it is not a wholly-owned subsidiary. The net profit of 'R.C.M.' for the year ended December 31, 1964, amounted to \$9,606.42.

CONSOLIDATED BALANCE SHEET

December 31, 1964

ASSETS

CURRENT ASSETS:

Cash		\$	23,203.54	
Accounts receivable and advances:				
Trade	\$2,948,979.08			
Employees	21,264.89			
	<u>2,970,243.97</u>			
Less Allowance for doubtful accounts	129,411.65		2,840,832.32	
Inventories, at the lower of cost or market:				
Unabsorbed costs re contracts in progress	427,542.42			
Less Progress billings thereon	<u>203,725.61</u>			
	223,816.81			
Raw materials, work in process and finished goods	<u>1,217,106.82</u>		1,440,923.63	
Life insurance, cash surrender value			35,650.07	
Prepaid expenses			<u>72,463.84</u>	\$4,413,073.40

FIXED ASSETS:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>	
Land (note 1)	\$ 21,664.48		21,664.48	
Buildings (note 1)	419,138.62	189,603.99	229,534.63	
Machinery and equipment	341,411.38	249,371.20	92,040.18	
Furniture and fixtures	190,582.46	131,030.77	59,551.69	
Automotive equipment	40,680.20	29,242.48	11,437.72	
Tools and dies	64,018.71	47,297.56	16,721.15	
Leasehold improvements	3,488.30	1,619.54	1,868.76	
	<u>1,080,984.15</u>	<u>648,165.54</u>		432,818.61

OTHER ASSETS:

Investment in other companies, at cost	21,722.14		
Patents, unamortized cost	1,018.67		
Contracts, franchises and organization expenses, at cost.....	11,833.46		
Excess of cost of shares of subsidiary company over net book value thereof	69,862.57		
Bills receivable, not currently due	36,498.50		
Deposits	8,000.00		148,935.34
			<u>\$4,994,827.35</u>

The accompanying notes are an integral part of this statement.

CANADIAN ICE MACHINE COMPANY LIMITED AND ITS WHOLLY-OWNED SUBSIDIARIES

Incorporated under the laws of Canada

LIABILITIES

CURRENT LIABILITIES:

Bank advances, partly secured	\$ 832,000.00	
Accounts payable and accrued expenses	2,040,523.61	
Income taxes payable	71,770.86	
Dividends payable	10,500.00	
Estimated liability for guarantees	65,205.53	
Principal instalments on long-term liabilities payable in 1965	57,684.30	\$3,077,684.30

LONG-TERM LIABILITIES:

5½% Sinking fund debentures, Series "B", requiring deposits of \$25,000.00 annually to 1971	175,000.00	
Payable to City of St. Jerome under lease and agreement of sale	92,694.37	
Notes payable, due \$22,700.00 annually to 1966	45,400.00	
Mortgages payable	35,187.17	
	<u>348,281.54</u>	
Less Principal instalments payable in 1965 included under current liabilities	57,684.30	290,597.24
		<u>3,368,281.54</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK (NOTE 2):

Authorized:

- 50,000 Class "A" non-redeemable participating shares, par value
\$1.00 each, entitled to cumulative preferential annual divi-
dends of 80¢ per share
- 100,000 common shares, par value \$1.00 each

Issued:

25,000 Class "A" shares	25,000.00	
55,000 common shares (of which 5,000 shares were issued for cash during the year)	55,000.00	
	<u>80,000.00</u>	
PREMIUM RECEIVED ON SHARES ISSUED (note 3)	111,500.00	
RETAINED EARNINGS	1,435,045.81	1,626,545.81
		<u>\$4,994,827.35</u>

Approved on behalf of the Board

W. L. B. WATTS, Director

C. F. MACKENZIE, Director

CANADIAN ICE MACHINE COMPANY LIMITED

and its wholly-owned subsidiaries

AUDITORS' REPORT

To the Shareholders of CANADIAN ICE MACHINE COMPANY LIMITED:

We have examined the consolidated balance sheet of Canadian Ice Machine Company Limited and its wholly-owned subsidiaries as at December 31, 1964, and the consolidated statements of income and retained earnings for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the companies, the accompanying consolidated balance sheet and related consolidated statements of income and retained earnings are properly drawn up so as to exhibit a true and correct view of the combined state of the affairs of Canadian Ice Machine Company Limited and its wholly-owned subsidiaries as at December 31, 1964, and the results of their combined operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
March 4, 1965.

THORNE, MULHOLLAND, HOWSON & MCPHERSON
Chartered Accountants

NOTES TO FINANCIAL STATEMENT

Year ended December 31, 1964

1. FIXED ASSETS:

Title to certain land and buildings is subject to payment of the balance owing under the lease and agreement of sale.

2. DIVIDENDS:

Payment of dividends on Class "A" and common shares is subject to certain restrictions under the terms of the Supplementary Letters Patent and the trust indenture securing the Series "B" debentures.

3. PREMIUM RECEIVED ON SHARES ISSUED:

Options to purchase 5,000 common shares of the company at \$5.00 per share were exercised during the year, resulting in the following increase in the premium on shares issued:

Balance at beginning of year	\$ 91,500.00
Add \$4.00 per share re 5,000 shares issued for cash during year	20,000.00
Balance at end of year	<u>\$111,500.00</u>

4. CONTINGENT LIABILITIES:

(a) Notes receivable under discount, \$342,053.68.

(b) Claim against National-Shipley Ltd., of approximately \$33,052.00, unsettled at December 31, 1964.

5. LEASE:

In accordance with a lease sale agreement the company is obligated to pay an annual building rental of \$8,989.20, until April 30, 1982.

CANADIAN ICE MACHINE COMPANY LIMITED

and its wholly-owned subsidiaries

CONSOLIDATED STATEMENT OF INCOME

Year ended December 31, 1964

Profit before the following items		\$436,926.59
Depreciation and amortization	\$61,700.04	
Remuneration of executive officers and solicitors	87,149.76	
Directors' fees (other than executives)	1,250.00	
Interest on long-term liabilities	18,231.21	
Loss on disposal of fixed assets	476.73	168,807.74
Income before undernoted taxes		268,118.85
Taxes on income		59,000.00
<i>Net income for year</i>		<u><u>\$209,118.85</u></u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Year ended December 31, 1964

Retained earnings at beginning of year		\$1,290,428.40
Add Net income for year		209,118.85
		<u>1,499,547.25</u>
<i>Deduct:</i>		
Dividends paid:		
Class "A", 80¢ per share	\$20,000.00	
Common, 40¢ per share	22,000.00	
	<u>42,000.00</u>	
Adjustment of prior year's taxes on income	22,501.44	64,501.44
<i>Retained earnings at end of year</i>		<u><u>\$1,435,045.81</u></u>

CANADIAN ICE MACHINE COMPANY LIMITED

Representative Projects of Mechanical Contracting Division

A. D. MARGISON AND ASSOCIATES LIMITED BUILDING, DON MILLS, ONTARIO

General Contractor—Camston Limited
Architect and Consulting Engineer—A. D. Margison
and Associates Limited

AMERICAN MOTORS (CANADA) LIMITED, BRAMPTON, ONTARIO

General Contractor—Finley W. McLachlan Limited
Architect—Gilleland and Janiss
Consulting Engineer—Lazarevich Brothers &
Associates Ltd.

BRITISH AMERICAN OIL COMPANY LIMITED OFFICE BUILDING, TORONTO, ONTARIO

General Contractor—Perini Limited
Architect—Crang and Boake
Consulting Engineer—R. T. Tamblyn and Partners
Ltd.

CANADA PERMANENT BUILDING, HALIFAX, NOVA SCOTIA

General Contractor—Foundation Maritime Limited
Architect and Consulting Engineer—C. A. Fowler
& Co.

THE CONTINENTAL APARTMENTS, ERSKINE AVENUE, TORONTO, ONTARIO

General Contractor—Perini Limited
Architect—Visvaldis V. Upenieks
Consulting Engineer—Yost-Keen and Associates
Limited

FALCONBRIDGE NICKEL MINES LIMITED METALLURGICAL LABORATORIES, RICHVALE, ONTARIO

General Contractor—Foundation Company of
Canada Limited
Architect and Consulting Engineer—Foundation of
Canada Engineering Corporation Limited

THE HOLIDAY INN OF TORONTO, HIGHWAY #27, TORONTO, ONTARIO

General Contractor—P. R. Connolly Construction
Limited
Architect—H. A. Swanson
Consulting Engineer—R. V. Anderson Associates
Limited

KENSON TOWERS APARTMENTS, OTTAWA, ONTARIO

General Contractor—Camston Limited
Architect—Crang and Boake
Consulting Engineer—R. T. Tamblyn and Partners
Ltd.

MAGISTRATES' COURT, WILLOWDALE, ONTARIO

General Contractor—D. G. Hahn Limited
Architect—Sproatt & Rolph
Consulting Engineer—R. T. Tamblyn and Partners
Ltd.

METROPOLITAN SEPARATE SCHOOL BOARD, LEASIDE, ONTARIO

General Contractor—Kamrus Construction Limited
Architect—Marani, Rounthwaite & Dick
Consulting Engineer—Gillespie, Walford &
Associates Ltd.

ONTARIO HOSPITAL SERVICES COMMISSION BUILDING, TORONTO, ONTARIO

Architect—D. G. Creba, Department of Public Works
Consulting Engineer—H. H. Angus and Associates
Ltd.

OSHAWA CATHOLIC HIGH SCHOOL, OSHAWA, ONTARIO

General Contractor—Wilkinson Construction Limited
Architect and Consulting Engineer—John B. Parkin
Associates

SHELL CANADA LIMITED ADMINISTRATION BUILDING, OAKVILLE, ONTARIO

General Contractor—Finley W. McLachlan Limited
Architect and Consulting Engineer—Foundation of
Canada Engineering Corporation Limited

TELFER PAPER BOX CO. LIMITED, SCARBOROUGH, ONTARIO

Architect and General Contractor—Camston Limited
Consulting Engineer—R. J. Black & Associates
Limited

THE FLORA McCREA EATON BUILDING, TORONTO, ONTARIO

General Contractor—Bradford-Hoshal Associates Ltd.
Architect—Page & Steele
Consulting Engineer—G. Granek and Associates

UNIVERSITY OF TORONTO, NEW COLLEGE, TORONTO, ONTARIO

General Contractor—Taylor Woodrow of Canada
Limited
Architect—Marani, Rounthwaite & Dick
Consulting Engineer—R. T. Tamblyn and Partners
Ltd.

UNIVERSITY OF TORONTO, SUPERINTENDENT'S BUILDING, TORONTO, ONTARIO

General Contractor—Jackson-Lewis Company
Limited
Architect—Chapman and Hurst
Consulting Engineer—Ellard-Willson and Associates
Limited

